

Industry Update

A summary of newsworthy client/agency relationship developments and relevant marketing or agency management trends from the past month.

Volume 51

Executive Summary—Monthly Recap

Are we there yet? This common kid question during any commute or cross-country holiday journey feels quite appropriate. When will this be over? Let's face it. We have all been hurt in some way. In a recent PR week article, Civis Analytics/Finn Partners reported that our industry is feeling mood swings—anxiety (50%), sadness (32%), fear (27%), and anger (25%). Yet, per The Insight (latest trends from The Harris Poll), Americans are also feeling appreciative (71%), thankful (67%), and compassionate (67%). More so than those who feel angry (51%) and annoyed (28%). Perhaps the US presidential elections didn't help.

Who would have thought that spending a lot more time in leisurewear wasn't enough to counter the effects of isolation or bad politics? Whether you are wearing pajamas or business clothing, it appears that COVID fatigue is real and the impact on our industry will be profound and long-lasting at many levels. Much of the talk about automation and AI adds concerns

that the nature of the work people do will change and require new skills at agencies and clients alike. How else can we keep up with the increase of content and the need to operate more efficiently? 2021, here we come.



Bruno Gralpois
Co-Founder & Principal, Agency Mania Solutions

Newsworthy reports and recent developments

At AMS, we approach the agency management discipline as four distinct but complementary practice areas—**Talent**, **Work**, **Financials**, and **Performance and Value**—which is how we've organized industry developments to follow.

Table of Contents

Talent	page 1
Company profiles.....	page 3
Open positions that got our attention	page 4
Work	page 4
Financials	page 6
Performance and Value	page 8
Agency Reviews and Roster Changes	page 10

TALENT: securing the right talent and resources

"Why Large Agencies Will Struggle to Survive After COVID" was a recent article on Forbes.com. The author, Allen Adamson, Co-Founder, Metaforce.com, goes on to state that "It's a moment that, I believe, will have large holding companies struggling to survive far after the COVID crisis has abated." Does scale no longer matter? It's not quite that simple of a question. Scale does matter when acquiring talent—at scale. Scale matters when you are looking for economies of scale or are making sizeable investments to build new competencies. But at what expense? Is agility and flexibility automatically forfeited? It doesn't have to be; it's based on the way the network or holding company is operated.

- Per R3, **agency review/pitch activity** is up in creative and media, but account billings are lower than in the past. Year-to-date, 4,691 pitches were accounted for between creative and media agencies globally, up 0.5% from the same period last year. New business revenue at creative agencies globally declined 10% to roughly \$1.1 billion this year, from \$1.2 billion last year. New business revenue at media agencies declined 7.7% to roughly \$245 million, yet the overall number of new business wins rose 3% to 138.
- Per Adweek Intelligence, despite high satisfaction rates, 38% of brands plan to make **changes to their agency roster** in 2021, a dire prospect for agencies, which have seen 60% of brands cut their agency budgets. 41% plan to retain their agency/agencies. 22% are unsure.
- Holding company Publicis created a new bespoke agency model based in Amsterdam, called Le Pub, for its brewer client **Heineken**, to further integrate creativity, data, and brand experience. Focus is on agility, localization and personalization at scale, leveraging data capabilities of Epsilon.
- The list of **Amazon advertising partners** specialized in managed services (sponsored ads, display ads, custom ads, video ads and media planning) keeps getting larger and now include 360i, Beekeeper Marketing, Blue Wheel, Catalyst, Channel Bakers, ChannelAdvisor, CommercelQ, Compass Marketing, content26, Digitas, Essence Global, Feedvisor, Flywheel Digital, Fortress Brand, Global Overview, Havas Media Group, Hearts & Science, Ideoclick, iProspect, Labelium, Kepler, Marketplace Clicks, Marketplace Strategy, MediaCom, Merkle, MightyHive, Mindshare, OMD, OMNI ePartners, Orca Pacific, Performics, PHD Media, Reprise Digital, Resolution Media, Rise Interactive, ROI Revolution, Sage Tree, Seller Labs, Spark Foundry, Starcom, Teikametrics, Tinuiti, UM, VaynerMedia, VMLY&R, Wavemaker, Wunderman Thompson, Xaxis, and Zenith Media.

- Per Forrester, **agency layoffs** will continue into 2021, with US shops cutting 17,000 positions following the 35,000 job cuts already made this year. Major holding companies will lay off or furlough 49,000 employees globally. Yet, Forrester also predicts a 5% increase in small and mid-sized boutiques, freelance businesses and advertising start-ups.
- Michael Roth, Chairman and CEO, Interpublic Group, announced a new way to work called “**organized flexibility**,” encouraging discussions on what flexibility looks like for each individual (e.g., hours dedicated to work vs. family time).
- Per **Deloitte**, CMOs have overwhelmingly turned to AI to automate work (77%). 64% of marketing orgs have an in-house agency. 59% of marketing leaders still outsource their creative function while 31% do so for insights/analytics.
- Per **Forrester**, 11% of digital/creative and media agency tasks will be automated by 2023 in the US and “23% of overall agencies will be automated by 2032.”
- **Adforum** held their (virtual) 2020 Worldwide Summit with top search consultants and some of the top holding companies and agencies in the world sharing their vision and capabilities—namely Interpublic Group, Publicis Groupe, Wunderman Thompson, RAPP, Dentsu International, R/GA, VCCP, Pablo, McCann Europe, Herezie, Neverland, VaynerMedia, TheNetworkOne, Zulu Alpha Kilo and others.

In-house agency:

- **Coldwell** launched The Studio (thestudiorealestate.com), the company’s in-house marketing agency earlier this year. The team composed of 300 employees helps agents and brokerages grow their businesses and is divided into three groups: 1) Product Studio (products and programs), 2) Creative Studio (marketing messages and materials), 3) Strategy Studio (field marketing team working closely with agents).
- **Nordstrom** Trunk Club’s in-house agency boosted efforts to bring more value to internal stakeholders, sharing best practices with ANA members: 1) embracing flexible working models, 2) showing greater agility, 3) doing more with less, 4) evolving the brand and messaging, and 5) demonstrating value to the organization by documenting successes and recognizing employees.

New agencies, capabilities, or reorganizations:

- **VaynerMedia** launched “short-sprint” consultancy services delivered in eight- to twelve-week programs and focused on emerging areas like gaming, esports, and GenZ. The new advisory offerings include Gen Z Roadmap, Cultural Accelerator, and Modern Marketing Transformation.
- **IPG Mediabrands** performance marketing agency Reprise launched a new ecommerce specialist unit, Reprise Commerce, combining Reprise’s traditional ecommerce media planning and buying expertise with a focus on retail marketing. The new entity will focus on the supply chain, operations, strategies, design and customer experience.

- **Interpublic Group** reorganized its specialty agency group (called Constituency Management Group) across PR, experiential, sponsorships, innovation, branding, influencer, digital, social, and analytics into a unit called IPG DXTRA.
- **Dentsu Group** kicked off the consolidation of 160 agencies around the world into six “global leadership brands” to “simplifying the business, permanently reducing operating costs and enhancing the efficiency of the balance sheet,” ultimately making their operations more transparent and more accessible to clients.
- Media agency network IPG-owned **Mediabrands** launched a data-driven content practice and global content studio, expanding globally across 12 markets with Mediabrands Content Studio (MBCS).
- WPP merged AKQA and Grey to form **AKQA Group** focused on combining digital and creative to create top brand experiences, perhaps dropping the Grey brand name from its portfolio after 103 years. The AKQA Group will have 6,000 people in 50+ countries and a blue-chip client roster that includes more than half of the Fortune 500’s top 20.
- WPP merged commerce and experience agency Geometry into creative powerhouse VMLY&R, dropping the Geometry brand name from its portfolio, and combining commerce capability and advertising at global scale. The new entity will be named **VMLY&R Commerce**, focused on brand commerce-based solutions and consumer experiences.
- Omnicom’s DDB Worldwide launched a specialized esports and gaming network Prague-based agency named **DDB FTW** (as in “for the win”). The agency which offers strategy, creative, business design, innovation, and tech services in the gaming industry will leverage DDB offices in Amsterdam, Dusseldorf, Paris, and Hong Kong.
- Media agency network IPG **Mediabrands** launched a global content studio across its agencies—UM, Initiative, and Reprise—in an effort to consolidate its capabilities across branded, original, and dynamic content in 12 markets—from long-form documentaries and branded content, partnerships with influencers and production companies through relationships at UM and Initiative to dynamic content created for e-commerce and digital media from Reprise. The Mediabrands studio will collaborate with creative agencies, acting and operating “like an entertainment studio.”
- Two independent agencies Just and Enigma Marketing merged to become one. The new San Francisco-based entity named **Just Global** includes 150 staff across three continents, with specialties ranging from motion graphic artists and UX designers to data analysts and digital media strategists.

Diversity and inclusion:

- Agencies have been hiring top talent, often for newly created roles, to lead **diversity, equity, and inclusion efforts** in recent months: Omnicom's BBDO Worldwide appointed its first Chief Diversity, Equity, and Inclusion Officer (Jason Rosario) in September 2020 ; Accenture Interactive's Droga5 promoted from within and appointed its first Global Head of Diversity and Inclusion (Tiffany Edwards) in September 2020 ; WPP's Hill+Knowlton Strategies appointed a Global Head of Diversity, Equity, and Inclusion (Azuree Montoute-Lewis) and Head of US Diversity, Equity, and Inclusion (Bridgette O'Neal) in September 2020 ; IPG Mediabrands appointed its first Global Chief Culture Officer (Hermon Ghermay) responsible for DE&I in September 2020 ; WPP's Wunderman Thompson appointed its first global Chief Inclusion, Equity, and Diversity Officer (Ezinne Okoro) in October 2020 ; Omnicom's TBWA appointed a new Chief Diversity Officer of North America (Aliah Berman) in November 2020 ; and dentsu's Merkle Appointed its first Global Chief Equity Officer (Kirt Morris) in November 2020.
- **S4Capital** launched a four-year Black Fellowship Program inviting participants to spend time working with MediaMonks, MightyHive, and Firewood operations, including a blend of job responsibilities, mentorship, and apprenticeships. 40% of the 2,500+ S4 staffers are people of color, most are Asian and Hispanic.

Noteworthy quotes:

- » "When it comes to solving challenging problem for clients, scale versus talent is not a winning wager." —Allen Adamson, Co-Founder, **Metaforce.com**
- » "Our goal is to expand horizons, combining the curiosity, ambition, imagination, and pioneering spirit of a startup with the reach of a global enterprise."—Ajaz Ahmed, Chief Executive Officer, **AKQA Group**
- » "A 40-year trend toward consolidation and centralization has met a tidal shift of culture, technology, and the marketplace mandate of immediacy—all of which favors the well-positioned, independent advertising agency." —Dave Fitzgerald, Founder and CEO, **Fitzco**
- » "Clients who are in-housing have to go through an organizational change process. If the client isn't committed to rewriting their processes fit for 21st-century content and optimization at speed and rethinking how they do business, it's not going to work."—Sharon Whale, CEO Global Markets and Operations, **OLIVER**
- » "While the initial rationale behind the large holding company business model might have made sense in for its time, it doesn't make sense at the present." —Allen Adamson, Co-Founder, **Metaforce.com**
- » "Our clients want outstanding creativity, powered by technology expertise and delivered at a global scale." —Mark Read, CEO, **WPP**

- » "Agencies have always been in demand for specialized skills, providing a flexible source of additional marketing capacity, and as an incremental team to lead larger initiatives beyond what existing staff can support. On-demand talent augmentation is not a need likely to go away any time soon."—Chris Ross, VP Analyst, **Gartner**
- » "If you go down the route of a creating an in-house team, you cannot do that in isolation—you need to look at the full landscape of your partners."—Thomas Heilskov, Director and Global Head of Digital Marketing, in-house creative agency The Barn, **Arla Foods**
- » "The fact that they [WorkInProgress] are an independent agency means they have the flexibility and nimbleness we need during these quickly changing times." —Art D'Elia, EVP, CMO, **Domino's Pizza**
- » "When you combine the institutional knowledge and brand knowledge and relational value that exist between an in-house team and internal marketers and communications that must move quickly, there is nothing that compares to an in-house team that has been living and breathing that brand."—Brendon Derr, VP of Strategic Solutions, **Cella**
- » "I really feel that the independent agency model gives us more flexibility and less distractions."—Art D'Elia, EVP, CMO, **Domino's Pizza**
- » "As brands rely more on external agencies, they are essentially outsourcing their competitive advantage." —Christine Cutten and Libby Cousins, **Deloitte Consulting LLP and Deloitte Digital UK**
- » "When a partnership is in balance and the right mix of in-house and outsourced agency resources is achieved, optimal business results are realized."—Sarah Cucchiara, SVP of Channel Marketing Strategy, **BrandMuscle**
- » "In-house agencies are no silver bullet, but a model and mindset that will shape the modern marketing organization for years to come."—Chris Ross, VP analyst, **Gartner**

Company profiles:

- **MightyHive (<https://mightyhive.com>)** is a data and digital media consultancy composed of consultants, data scientists, marketing engineers, and platform experts providing advisory for business transformation, data, and other digital media services and end-to-end management of display, video, search, and paid social campaigns to medium-size and large brands. The company is part of Sir Martin Sorrell's S4 Capital, which it joined in 2018. Clients include Bayer, Sprint, Mondelez International, Renault, Sony Pictures, and Electrolux. MightyHive also offers their digital platform to agencies as a self-service or full-service management solution.

- **Orca Pacific (<https://www.orcapac.com>)** is a Seattle-based Amazon marketing agency, operating as an extension of a brand in-house agency and offering services ranging from advertising (PPC, DSP, etc.), search/SEO, content optimization, vendor/seller central account management to strategic consulting on how to grow a brand on Amazon. Strong of 50+ ecommerce experts and former Amazon employees, the full-service agency claims, “to be known for knowing Amazon.” Clients include Mars, Godiva, Reebok, Del Monte, and more. The MightyHive agency (owned by S4 Capital) is listed as a managed service partner for Amazon Advertising.

Open positions that got our attention:

- **Gap Inc—Senior Manager—Strategic Sourcing Creative & Production Content Marketing (San Francisco, CA)**

WORK: producing great work and outcomes

Normal, did you say? But what does “normal” even mean after such a history-changing event? Articles ranging from “Navigate the new normal” to “Working through the uncertainty” make us realize that there will be no return to normal as we knew it and we are uncertain about most things, including the way talent, budgets, or the work itself—what we produce, how we produce it—will be impacted long term. It’s both exciting and scary, but new forms of collaboration, and new channels and media will emerge to satisfy a new type of customer. We want more “humaning,” yet we rely more on AI and automation. We are rewriting a big part of what marketing is as we speak.

- Per the **CMO Growth Council**, key priorities for CMOs include: 1) optimize the digital media supply chain, 2) build brands for humans, 3) establish a diverse talent pipeline, 4) invest in data and technology, 5) promote equality and inclusion, 6) embrace cross-platform measurement, and 7) overhaul the traditional media ecosystem.
- **Mondelēz International** promoted a new approach it calls “humaning,” a unique, consumer-centric approach to marketing that creates real, human connections with purpose, inviting others to no longer market themselves to consumers, but instead, create connections with humans.
- Per production and localization firm eg+ Worldwide, a **“low tier” approach** enables brands to efficiently develop “low tier” assets across channels. Benefits include speed of development/delivery, efficiency (spend flexing with activity level), agility (based on demand and scale) and measurement (increasing asset use and re-use).
- Telcom giant **Verizon** launched a “5G SuperStadium” AR experience within the NFL’s app enabling users to see play from multiple camera angles, access real-time statistics and create “holomojis” via video overlays of favorite players.
- Per ID Comms, **pitch consultants** can add value to a media review process the following ways: 1) Have a clear ambition (well-articulated with stakeholder alignment, all the way), 2) Manage a well-engaged process (with competitive tension), 3) Be transparent and accountable (fair to agencies, prepared to enable a smooth process, minimizing disruption).

- Per eMarketer, **adoption of collaboration tools** will continue to surge amid the pandemic and a more distributed workforce model. eMarketer estimates that 69% of US companies (with 100+ employees) will use communication and collaboration tools in 2020.
- Cosmetics giant **L’Oréal Paris** introduced its first line of virtual makeup for social media called “Signature Faces” which integrates with the Snap Camera desktop app and offers augmented reality (AR) filters on various platforms including Instagram, Snapchat, Zoom, Google Hangouts, Skype, etc.
- Per **Forrester**, CMOs will reinvent themselves and their teams in 2021, assuming “full control of the customer journey with consumers becoming central to all leadership, strategy and operational decisions.”
- **Microsoft Xbox** launched its new generation of gaming platform by lighting up the sky at night in Cologne using 150 drones, representing 150 dreams from 7,000 fans invited to submit their greatest gaming dreams.
- Per the **2020 Global Media Technology Report** by ID Comms, no advertisers claim to use technology “very effectively.” Only 14% of them say they understand “extremely well or very well” each technology platform in the marketing stack. Key roadblocks: “excessive marketplace fragmentation, lack of access to specialist knowledge and capabilities, challenges around integration, and limited resources.”
- **FRED & FARID** Los Angeles teamed up with JCDecaux to transform its unused inventory into uplifting messages designed to raise the spirits of city dwellers in a powerful outdoor campaign which is displayed across JCDecaux’s Digital Network of 500 displays, as well as on static inventory in key cities.
- In partnership with its agencies The Martin Agency, MediaMonks, 360i and Weber Shandwick, **Mondelez’s Oreo brand** collaborated with Lady Gaga to launch special-edition cookies. Fans can send “Oreograms”—personalized musical messages through a site or by scanning a QR code—to win prizes including a chance to meet Lady Gaga.

Noteworthy quotes:

- » “Today’s advertising practitioners are smarter and more resourceful. They are not just comfortable with today’s communications tools—they’ve mastered them. They work faster. They’re often impatient—a trait often mirrored by their clients.”—Dave Fitzgerald, Founder and CEO, **Fitzco**
- » “If we can contribute successfully to our client’s transformation and growth, then that in turn gives us the platform to keep pushing forward and hopefully making great things happen.”—Ajaz Ahmed, Chief Executive Officer, **AKQA Group**
- » “Instead of bemoaning the agency model or the uncertainty of the fickle client service business, let’s reinvent a whole new way of working and finally build the modern, nimble and forward-thinking agencies and brand organizations we’ve all been talking about.”—Donna Sharp, Managing Director, **MediaLink**

- » "It's not us versus them, agency versus client. Everybody rolls up their sleeves and tries to solve these big hairy problems together."—Todd Kaplan, VP of Marketing, **Pepsi**
- » "The power of our data-fueled creative and media expertise drives the potential for content experiences that grow brands."—Brendan Gaul, Global Chief Content Officer, **Mediabrands**
- » "When the dust settles, companies that will emerge stronger will be the ones where the marketing and technology functions took joint ownership to drive digital transformation and engage customers in a meaningful way."—Sumit Virmani, CMO, **Infosys**
- » "One of the things clients really want is responsiveness, but their primary need in working with agencies is our creativity and new perspective."—Ajaz Ahmed, Chief Executive Officer, **AKQA Group**
- » "If you're not doing multicultural marketing today, you're not doing marketing."—Jill Kelly, US Chief Marketing Officer, **GroupM**
- » "Getting really good briefs has always been a topic of importance for in-house agencies."—Maureen Boyle, Senior Director of Creative Services and Events, **Nordstrom Trunk Club**
- » "There is great value in ensuring your client/agency relationship is operating at optimum levels and you can achieve that with a relationship management program."—Greg Wright, Vice President, Content Marketing, **ANA**
- » "You can't treat every client the same. It should be more about the client and what they need, rather than who the agency and you are."—Tammy Dunkley, Senior Brand Creative Manager, **Sheetz**
- » "All of these changes have forced marketing to rapidly transform itself, all without the aid of any playbook or standard operating procedure."—Brian Wieser, Global President, Business Intelligence, **GroupM**
- » "Our relationships are stronger than ever with our agencies. The main shift is to make sure we're in constant communication and we're still able to brainstorm and be nimble."—Cheryl Guerin, EVP of Marketing and Communications in North America, **Mastercard**
- » "Without strong agency-style engagement, resource alignment, and project management skills, many in-house agencies follow the same predictable and difficult path of a badly managed agency."—Chris Ross, VP Analyst, **Gartner**

Column: Keeping up with the fast-paced advertising production community

by Jillian Gibbs, Founder and Global CEO, APR

2020 has presented us with as many opportunities as it has challenges. This month, learn how brands can launch successful sampling events with public safety top-of-mind, explore ways marketers are creating lasting in-game experiences, and watch part two of our conversation between APR Founder & CEO, Jillian Gibbs, and Sir Martin Sorrell of S4 Capital.

Safe Sampling During COVID

Some brands are already successfully launching safe sampling events during COVID-19. Here is a list of actionable guidelines brands must follow during the planning process to keep public safety their top priority.

[**Click here to read more.**](#) Password: APRContent!

How Content Creators Build Lasting In-Game Experiences

In-game advertising is an industry ripe with untapped creative potential; here are a few ways brands may approach content creation for a gaming audience.

[**Click here to read more.**](#)

In Conversation with Sir Martin Sorrell (Pt. 2)

APR's Founder & CEO, Jillian Gibbs, and S4's Sir Martin Sorrell discuss COVID's impact on content creation and the need for change management.

[**Watch part 2 here!**](#) Password: APRContent!



FINANCIALS: driving efficient use of resources

As expected, Q3 wasn't very good for holding companies. Their financial performance reflects the ongoing negative impact from the pandemic. Net and organic revenue shortfalls, some of them like MDC Partners, WPP, and dentsu are in the double digits, with the exception of S4 Capital defying the macro level trend. Yet, it appears that these losses are narrowing compared to Q2, a silver lining for top executives trying to put a positive spin on their performance for investors naturally concerned about what's next. Cost cutting continues with some layoffs, the centralization of back-office operations and the consolidation or sale of real estate. In the meantime, the tech and bio tech industries are on fire. Ecommerce giant Amazon seems unstoppable, announcing record growth. Salesforce acquired Slack for \$27.7 billion, the tech's largest acquisition ever.

- Per WARC, **global advertising spend** will fall by 10.2% to \$557.3bn in 2020, or a reduction of \$63.4bn. Online video and online advertising remain strong. Worldwide linear TV advertising (27.9% of global advertising spend) is expected to fall 16% (or \$29.9 billion) to \$155.6 billion in 2020. Linear TV is projected to recover by only 1.1% in 2021.
- Per GroupM, the **US ad market** will increase 11.8% in 2021 to nearly \$240 billion, compared to a 9% drop this year and citing a "K-shaped" recovery. Traditional media like radio, newspapers, and OOH are seeing the greatest decline. However, digital advertising is expected to grow by 9% in 2020 and account for 55% of all advertising in 2021.
- Per Standard Media Index, the **advertising market in the US** declined 5% YOY, slowing down its significant revenue decline (32% in Q2 YOY). The improvement can be attributed to strong pharma activity, a rise in digital media advertising (compared to non-digital revenue), and an increase in ad revenue from NBA and NHL sports TV programming.
- Per Adobe, **holiday sales** will surpass \$189 billion online with the upcoming Cyber Months of Nov and Dec, up 33% from the prior year, a result of changing behavior based on the COVID-19 pandemic. Average order value remains the same, but higher conversion rates are expected.
- Per eMarketer, **e-commerce advertising** will grow 40% YOY. Amazon ad revenue will grow by 40% as well with a 76% share of all e-commerce ad revenue, generating \$13.2 billion in the US alone.
- While some marketers cut budgets, CPG giants Kellogg and Kraft Heinz are **increasing advertising and marketing spending** as demand is expected to increase in their category. Kellogg increased its advertising and promotion spending by double digits in the third quarter and projected the same for Q4.
- Per Socialbakers, **global social media ad spend** increased by 56.4% in Q3, with North America up an impressive 61.7% YOY. Cost per click rose 42.4% in the same period.

• Per **Infosys**, 44% of top-tier companies expect a collaborative CMO-CIO relationship to boost profitability by 5% or more, being a force multiplier to drive revenue and digital maturity and moving from CX (customer experience) to HX (human experience).

- Per cybersecurity company CHEQ, **digital ad fraud** will hit \$35 billion in 2020, now exceeding global credit card fraud (\$27 billion), yet "only \$333 billion will be spent on digital advertising in 2020, compared to \$3.32 trillion in the credit card sector," across an estimated 21 trillion online ads.
- Per Digital Third Coast, two-thirds of **ad agency executives** have altered how they do business—more competitive and flexible pricing, changing services offering and/or adding new services—in response to the COVID-19 pandemic.

Digital media giants:

- **Alibaba Group Holding Ltd.'s** Singles Day sales event generated \$74 billion (or 583,000 orders per second during peak activity) in gross merchandise volume from over 250,000 brands during its 11-day stretch, up 26% from a year ago.
- **Alphabet revenue** increased to \$46.2 billion in Q3, a sizeable increase YOY across all lines of business: Revenue from Google advertising rose to \$37 billion. Revenue from YouTube rose to \$5 billion. Revenue from Google Search rose to \$26 billion.

Mergers and acquisitions (M&A) activity:

- European holding and Poland-based company **Brand New Galaxy** acquired Seattle-based commerce, content and Amazon.com specialist agency Content26. Content26 clients include Walmart, Staples, Target, and Amazon.
- London-based **Framestore**, in partnership with Aleph Capital and Crestview Partners, acquired Company 3/ Method (C3M) to scale and deepen its end-to-end production shop services.
- Canada-based creative agency **Sid Lee** acquired LA-based social media agency Denizen (with clients like Qualcomm, Pepsi, Netflix, Disney, and Nintendo) to complement the agency's existing service offering in the US, which includes offices in New York, Los Angeles, and Seattle.

Holding companies' financial results:

- Holding company **S4 Capital** reported strong Q3 revenue of £86.4m, up by 53% YOY, and gross profit up 79% to £75.3m, fueled by new clients like, Klarna, Shopify and Beyond Meat and its in-house digital offering through MightyHive. The firm acquired French agency Dare.Win and Amazon agency Orca Pacific. MediaMonks had a strong performance, winning BMW/Mini European content and production, handled by a bespoke agency called The Engine and led by S4's MediaMonks. Another win was the T-Mobile in-house digital media account, managed by MightyHive.

- **Dentsu Group** reported a 14.8% organic revenue decline for the third quarter, a slight improvement over Q2. In the Americas region the third quarter organic decline was 15.3%. For the first nine months of the year, net revenue was down 10.7% to ¥602 billion (\$5.7 billion) and organic revenue declined 10.9%.
- **Omnicom Group** reported an 11.5% revenue decline to \$3.2 billion in Q3. The firm completed various cost control measures including layoffs/furloughs and a real estate portfolio reduction. Most disciplines were down in posted organic revenue, with the exception of health care, which was up 3.8% and ecommerce related work. Latin America had the largest revenue decline (22.3%).
- **WPP** reported a 12% net revenue decline to £2.4 billion (\$3.1 billion) in Q3 with organic revenue drop of 7.6%. Greater China and India experienced the largest organic revenue decline (over 16%). The firm reported net new business of \$1.6 billion in billings (Uber, Alibaba, Dell, HSBC, and Intel) during the quarter and year-to-date new business of \$5.6 billion. The retention of Walgreens Boots Alliance global business was a major win. VMLY&R and GroupM are reported as the best performing agencies in Q3.

- **MDC Partners** reported a 17.3% decline in revenue in Q3 to \$283.4 million. For the first nine months of the year, revenues fell 15.8% to \$870.80 million. Organic revenue decreased 16.4%. Net New Business wins totaled \$31.9 million in Q3. Cost-cutting measures are in full effect. For example, 13 MDC agencies will be relocated to one campus located in downtown Manhattan by year end.

Noteworthy quotes:

- » “The best media agency contracts define the relationship between the advertiser and their agency. Therefore, in defining what a successful relationship looks like you will create a successful media agency contract.”
—Darren Woolley, Founder and Global CEO, **TrinityP3**
- » “We are well-positioned in the digital sweet spot of an otherwise stagnant advertising and marketing industry and clients are responding very well to our new age/new era, purely digital, ‘holy trinity’ model of first-party data fueling digital content, data and digital media.”
—Martin Sorrell, Executive Chairman, **S4 Capital**

Check out our article **“Stop wasting your time,”** which speaks to the future of marketing being automation. And automation is the future of effective client/agency partnerships.

NEW ARTICLE!

THE FUTURE OF MARKETING IS AUTOMATION

And automation is the future of effective client/agency partnerships.

©2020 Agency Mania Solutions. All rights reserved.

agencymania.com

AGENCY MANIA™
SOLUTIONS
Strategic Partnerships Delivered.

PERFORMANCE: driving stronger performance and value from the partnership

Data, measurement and automation are core and center to any discussion about performance. How do we further automate processes that get in the way of high productivity and performance? Dentsu launched an eight-year project to bring automation and artificial intelligence (AI) into every process across the company globally with the goal to teach employees how to build virtual assistants that help them get their jobs done in a fraction of the time, eliminating repetitive work.

- New media metrics company, **HyphaMetrics**, launched using a proprietary panel of homes to track TV screens and devices at the individual household level into a single-source data stream which companies can license.
- Started in 2017, **dentsu** reported having 9,000 automated processes supported by artificial intelligence (AI). In one instance, the agency completed a project in six weeks instead of one year, saving 125,000 hours with 17 automated workflows and 60 automated bots.
- Per Warren Marenco Chase, COO at **Firewood**, brands require a new model: the combination of data, content, and agility will drive the successful campaigns of the future.
- **Amazon** released a DSP API to help brands run campaigns on Amazon.com but also to run programmatic ad campaigns—display, video, and audio ads—on Amazon and publisher websites outside Amazon. It also allows partners to build software like ad creation, reporting, and analysis tools to enable large-scale, online marketing.
- **Amazon technological tool providers** include 4C Insights, 4K Miles, Ad Badger, ChannelAdvisor, Downstream, E PWR, Feedvisor, Helium 10, Intentwise, Irobotbox, Kensho, ManageByStats, Marin Software, Pacvue, Perpetua, PPC Entourage, PPCScope, Prestozon, Quartile, Seller Labs, SellerMotor, Sellics, Sellozo, Teikametrics, tool4seller, Viral Launch, and Zon.Tools.
- **Nielsen** announced the launch of its Identity Graph ID Measurement System for cross-media measurement in 2021. The system will rely on demand-side advertising platform The Trade Desk and its industry-wide Unified ID 2.0 effort as well as Nielsen's proprietary machine-learning models.
- Retailer **Walgreens** launched its retail media network called Walgreens Advertising Group to offer media buyers ad placements across the retailer's owned and operated properties, including a vetted network of third-party websites.

Awards:

- **Ad Age's 2020 Marketers of the Year** (based on performance): 1) TikTok, 2) McDonald's, 3) Lowe's, 4) The Lincoln Project, 5) Etsy, 6) Calm, 7) e.l.f., 8) Lego, 9) Adobe, 10) State Farm.
- **Adweek's 2020 Breakthrough Agency of the Year**: small Chicago-based shop Highdive. Key Wins: Airheads, Fruit-tella, The General. **Adweek's 2020 International Agency of the Year**: Accenture Interactive-owned shop Droga5 London. Key wins: Coca-Cola for Coke Energy; VW's new sports car in Europe; Kimberly-Clark's baby and childcare business in the EMEA, Latam and U.S. regions. **Adweek's 2020 U.S. Agency of the Year**: Richmond, Va.-based The Martin Agency. Key Wins: Old Navy, Twisted Tea, Axe Global, Century 21, AmeriSave, Happy Egg, Simple Mobile, Three by Berkshire Hathaway; new assignments: Hanes and CarMax (Social); Pluto TV (PR)
- **MediaPost's 2020 "Agency of the Year"** award winners included: GroupM's Mindshare for media, dentsu for holding company, PMG for independent agency, The Lincoln Project for creative, and Merkle for search marketing. Client of the year was the US Census.
- **2020 winners of the US Search Awards**: most innovative SEO campaign (Tombras & Lodge Cast Iron—Striking While The Cast Iron Is Hot), best SEO campaign (Hive Digital & MFASCO—First Aid Campaign), Best large SEO agency (HigherVisibility), Best small SEO agency (Hive Digital).
- Per the 12th annual **IHAF (In-House Agency Forum) Awards**, Anheuser-Busch InBev (Best of Show) and Cisco Systems (2020 In-House Agency of the Year) earned top honors. Other key nominees: Capital One and Whirlpool Corporation.
- At **El Ojo de Iberoamérica**, the most recognized creative festival in Ibero-America, 12 offices of DDB Latina won big recognitions. Alma DDB Miami and DDB Latina Puerto Rico were named Local Agency of the Year and Alvar Suñol and Enrique Renta as Best Creatives in their respective markets with a total of 91 medals.

Noteworthy quotes:

- » “Employees are burdened with technical tasks that can be automated, freeing them up to do other things.” —Robert Hannan, Executive VP and Managing Director of Operations, **Carat**
- » “It’s helping them with their jobs, not taking over their jobs. These are necessary functions for the business to operate but take too much time. They’re not what clients want us to focus on.”—Robert Hannan, Executive VP and Managing Director of Operations, **Carat**

- » “Given that agencies are going through this process in a pandemic-driven, remote working environment—we all have a chance to reinvent the review process.”
—Donna Sharp, Managing Director, **MediaLink**
- » “Success is our clients are thanking us for helping them transform their businesses, not just their communications with their constituents.”
—Michael Houston, Worldwide CEO, **Grey Group**
- » “When the world is changing on a daily basis, there’s no time to overthink... Today, marketers have to build strategies while executing campaigns at the same time, keeping teams agile as they scale.”—Warren Marenco Chase, COO, **Firewood**

- » “There is a need for true business partnerships, a need for transformation, and need for new capabilities on both sides.”—Donna Sharp, Managing Director, **MediaLink**
- » “An effective [relationship management] program may also enable early identification and mitigation of challenges before they become critical issues.”
—Greg Wright, Vice President, Content Marketing, **ANA**
- » “There’s no magic in the agency model if it’s not run with the rigor of a high-functioning agency or consultancy.”—Chris Ross, VP analyst, **Gartner**

Check out our checklist **How to successfully complete your agency transition**. Are you in the process of hiring a new agency? How do you best handle that transition? This is a critical and recurring activity for most advertisers. By reading our checklist, you'll be prepared to complete a successful agency transition.

CHECKLIST

How to successfully complete your agency transition

CHECKLIST

How to successfully complete your agency transition

Brought to you by Agency Mania Solutions

Finding and hiring a new agency is a critical and recurring activity for most advertisers. Yet it is often benign compared to transitioning the prior agency and preparing to work with a new agency partner. How do you best handle that transition. This checklist can help you prepare for an effective, smooth and expedient transition.

Criteria for completing a successful agency transition --check each that applies to your business:

- Terms**
Review and comply with the termination terms of the agreement.
- Resource Management**
Set up a transition team composed of internal and external stakeholders; actively monitor talent activity.
- Assets**
Identify and transfer of creative and production assets held by the incumbent agency to the designated resources.
- Name-handling**
Over-communicate, ensure everyone is operating on the same plan.
- Visibility**
Avoid work disruptions, delays, duplicate efforts, wasteful activities.
- Intellectual Property**
Ensure the immediate transfer of all client documents, research and confidential materials.
- Timeline**
Set realistic timelines and checklists.
- Investment**
Minimize transition costs and duplication of expenses.
- Onboarding**
Provide access to key resources and assistance; ramp up time with training.
- Next**
Look forward, focusing on setting up the new agency for success while gracefully terminating the prior one.

www.agencymania.com

©2020 Agency Mania Solutions. All rights reserved.

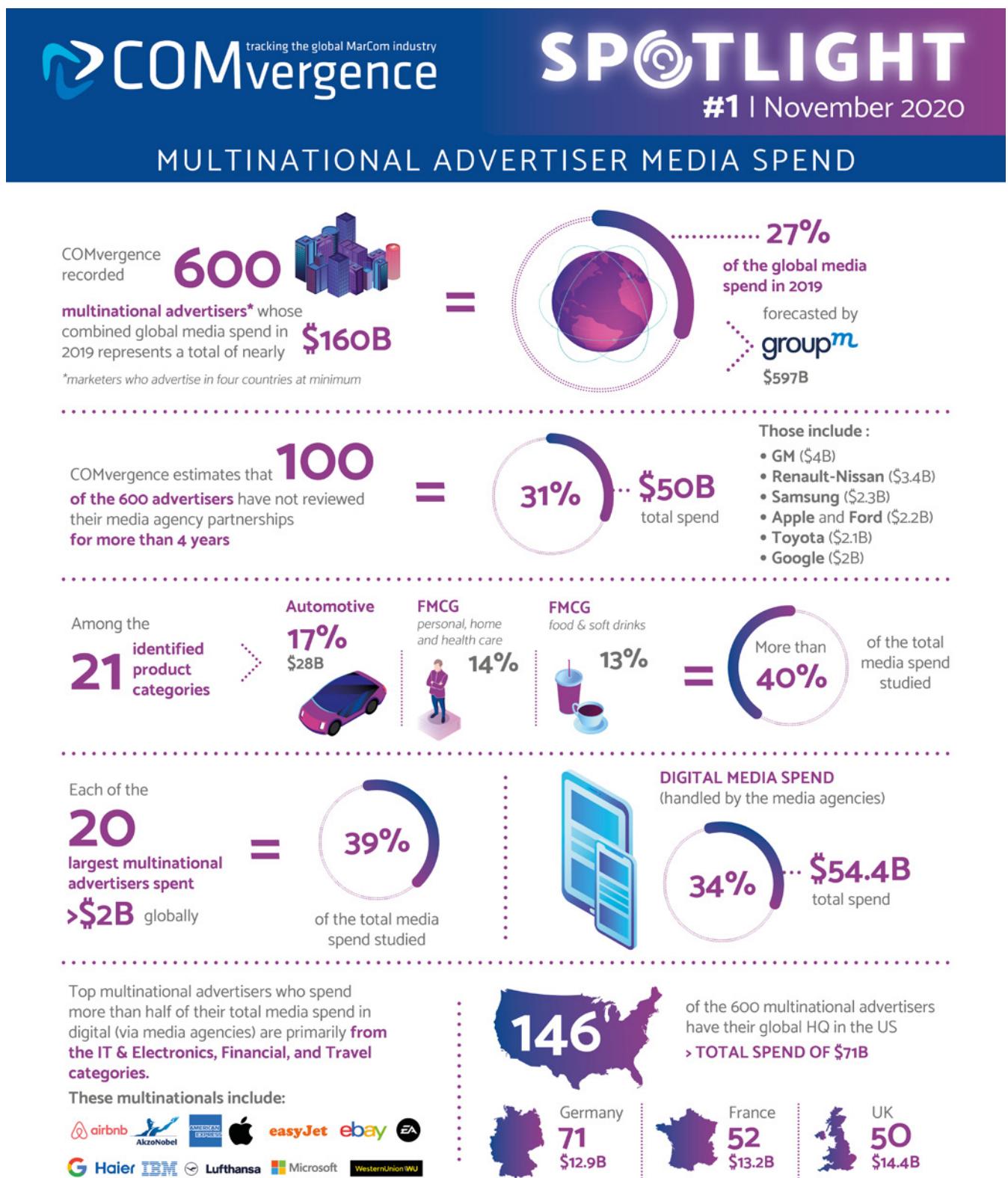
 AGENCY MANIA
SOLUTIONS

agencymania.com

 AGENCY MANIASM
SOLUTIONS
Strategic Partnerships Delivered.

AGENCY REVIEWS AND ROSTER CHANGES

Courtesy of COMvergence:



KEY FACTS & TRENDS ON MEDIA PITCHES

1,250

advertisers have concluded media reviews



\$4.7B

30% of the total

retained by incumbents

\$11.5B

74% of the total

locally-led reviews

1/3

supervised by a pitch consultant

=**\$16B** in net media spending

TOP 5

categories pitched in 2020

FMCG
\$4.5B

Retail
\$1.9B

Automotive
\$1.1B

Pharma and Financial/Insurance
\$1B each



groupm



According to COMvergence latest-released Q1-Q3 2020 NBB global report

dentsu

With regard to the pitches and moves concluded in H2 2020 so far

IPC MEDIABRANDS

has recorded the highest net new business billings.

For comparison purposes: Concluded media reviews

2019: \$34B

2018: \$38B

2017: \$28B

The pandemic has had a strong impact on the volume of media spend reviewed this year.



We anticipate
40%
VS 2019

\$116B

TOTAL MEDIA SPEND REVIEWED OVER THE PAST 4 YEARS



>50% of the combined global media billings of the big 6 media agency organizations and largest independent agencies



\$5B Ongoing media reviews (likely to be concluded by end of 2020)



\$2B



\$1B



\$1B

A potential \$13B could be up for grabs over the coming months.



DIGITAL MEDIA
(alongside the traditional media scope)

Integrated pitches
(including creative)

>80%

Main ones
AIRFRANCE **SAP**
OmnicomGroup
Whirlpool **Weigmann Boots Alliance**
TOTAL **Zespri**
WPP

Several top multinational advertisers still operate a decentralized approach towards their media agency partnerships, and conduct market-by-market reviews.

CLARINS **deliveroo** **Lindt** **L'ORÉAL**
METRO **Nestlé** **PANDORA** **PEPSICO** **Mcdonald's**
Pernod Ricard **Reckitt Benckiser** **Red Bull** **Yum!**

COMvergence is an independent and international research consultancy providing analysis and benchmarking studies of the advertising and media firms owned by the global marketing services groups, leading independent agencies, and management & IT consulting firms. Using quantitative and qualitative measurement metrics, COMvergence provides high-quality reference data, guidance and support for MarCom professionals across all levels and titles. COMvergence partners include the American Association of Advertising Agencies (4A's), World Federation of Advertisers (WFA), Nielsen and Kantar, among others.

FOR DETAILS ON ALL OUR PRODUCTS AND SERVICES

www.comvergence.net

OR FEEL FREE TO CONTACT US

Olivier Gauthier, Founder & CEO: Olivier.Gauthier@comvergence.net

Lisa Spielman, US Director: Lisa.Spielman@comvergence.net

[convergence-worldwide](https://www.linkedin.com/company/comvergence-worldwide)

11/13

Disclaimer: The reviews listed often capture larger review activity reported in the industry trade press, which we understand to be only a subset of total review activity. Specialist reviews (digital, social, PR, etc.) are rarely reported in the trade press. Also, due to the increasing number of project reviews (versus AOR/retainer reviews), many of those are not receiving media attention and therefore are not included here.

- Confectionary giant **Hershey Co.** kicked off a review of its US media account for its candy, mint, and gum business. Incumbent Interpublic Group of Cos.' UM, which won the global account in 2013, will defend along with dentsu's Accordant Media, which handles digital duties.
- Pizza chain **Domino's** selected Boulder, CO-based independent creative ad agency WorkInProgress as its new AOR for the next three years, replacing 13-year incumbent MDC Partners' Crispin Porter Bogusky.
- Retail and pharmacy company **Walgreens Boots Alliance** retained its relationship with WPP, following a review as global marketing and communications AOR on the account with a strong focus on combining data and technology. The contract was renewed until the end of 2022, with the option to extend it to 2024.
- The **National Basketball Association** selected Interpublic Group of Cos.' Mediahub to handle its media planning and buying business, following a review, replacing five-year incumbent Spark Foundry, which didn't defend. The brand previously hired Publicis-owned Starcom Mediavest Group, which included agencies Spark Foundry and Starcom.
- Financial services giant **American Express** ended its 50-year long creative relationship with WPP's Ogilvy, expanding its existing relationship with Dentsu in the US to now include five more international markets. The brand consolidated its creative account under dentsumcgarrybowen, incumbent since 2017.
- The **NBA** selected IPG-owned Mediahub as its new media AOR. Incumbent Publicis Media's Spark Foundry did not defend the account. The brand also hired a new WPP-backed agency, Cartwright, to handle creative efforts.
- In addition to its media review, **The Home Depot** also kicked off a review of its creative business (marketing and creative strategy and planning, creative execution and on-going campaign development and optimization, social media, digital and interactive execution, in-house audio and video production, influencer marketing, etc.) on the tail end of the brand firing The Richards Group, its AOR for 25 years amid racist remarks made by the agency's founder.
- Home emergency repair company **HomeServe USA** selected Boston-based and Havas-owned Arnold Worldwide as its AOR, starting with a new direct-response TV campaign.
- Apparel and yoga wear brand company **Lululemon** selected Accenture Interactive-owned Droga5 as its creative AOR following a review, replacing various incumbents including Virtue Worldwide. Droga5 will start with the launch of a new brand platform. The brand recently acquired home-connected fitness startup Mirror.

- Global convenience store chain **Circle K** selected GroupM's MediaCom as its first global media AOR across the US, Canada, and Europe, following a review. The agency will handle media planning, developing global and regional media strategies, integrated media consulting and buying, and consumer insight and measurement.
- Ornua-owned Irish butter and cheese maker **Kerrygold** selected Accenture Interactive-owned Droga5 as its global creative AOR. The agency will develop a new global communications platform for the brand. Omnicom's Energy BBDO will remain creative AOR in the US, a role played since 2016.
- Telecom company and largest reseller of wireless services in the US, **TracFone Wireless** (being acquired by Verizon for \$6 billion), selected Interpublic media agency Mediahub as its media AOR.
- On the tail end of adding WarnerMedia as social media AOR and PMG for creative, content development, and production, social media platform **TikTok** selected independent Horizon Media as its first partner in the US with a focus on planning and shopping for measurement and inventive and influencer partnerships.
- **JetBlue Airways Corp** kicked off a review of its creative account. The 11-year incumbent, MullenLowe, will likely defend. The brand is looking for "holistic, efficient and integrated solutions." Primary focus is to revive its marketing and cut costs, fueled by the COVID health crisis.
- Paper goods maker **Georgia-Pacific** selected Omnicom OMD as its media AOR in the US for its consumer brand portfolio, replacing nearly two-decades-long incumbent Publicis Groupe's Zenith. The agency will handle both traditional and digital US media planning and buying with a focus on utilizing data, leveraging first-party data, using advanced measurement capabilities and its understanding of cross-screen consumption behaviors. The brand will continue to handle programmatic media buying in-house.
- **Motel 6** selected Kansas City-based independent Barkley as its new AOR, replacing incumbent independent The Richards Group which was dismissed after the founder's racist remark.
- California brewery **Lagunitas Brewing Co.** selected Canvas Worldwide as its media AOR in the US following a review, replacing incumbent Digital, Brand, and Reputation Management agency Stripe Theory.
- **Mondelez International** selected Publicis Production and S4 Capital's MediaMonks to handle global content production, following a review. Publicis will handle European content across 32 markets (will be integrated within the existing Publicis Groupe Power of One team) and MediaMonks will handle tech infrastructure and websites/production. Mondelez recently consolidated global advertising within WPP (Ogilvy & David) and Publicis (Digitas).
- Pet retailer **Petco** selected Accenture Interactive-owned Droga5 as its new creative AOR, replacing two-year incumbent MDC Partners' Anomaly.
- Retailer giant **Sam's Club** kicked off a review of its creative account as a result of its former Minneapolis-based agency's (MDC Partners' Mono) decision to return to Target's agency roster.

- Coffee and tea marketing giant **JDE Peet's** consolidated its media business outside of North America with Vivendi-owned agency Havas Media, following a review. The agency has been working on a portion of the business and will now handle all media across 54 markets.
- Automobile giant **Fiat Chrysler Automobiles** retained Interpublic Group of Cos.' Huge (a five-year incumbent) as its digital AOR, following a review. The agency will handle digital and paid social creative across all brands, namely Chrysler, Fiat, Jeep, Ram, Dodge and Alfa Romeo.
- Confectionery company Perfetti Van Melle-owned candy brand **Airheads** selected Chicago-based independent boutique agency Highdive as its new creative AOR, replacing incumbent agency Huge.
- Payments company **Visa** selected Wieden+Kennedy and Publicis Groupe to handle all of its global work, following a review. Global creative AOR Wieden+Kennedy will handle creative strategy and major initiatives, replacing incumbent Omnicom's BBDO (global) and Publicis Groupe's Saatchi & Saatchi (Europe). Incumbent Publicis Group and its agency Starcom will continue to handle media but also local marketing and production.
- Auto insurance company **The General** hired Chicago-based independent boutique agency Highdive as its new creative AOR, replacing incumbent agency Art Machine.
- Food and drinks giant **Coca-Cola** kicked off a review of its global creative and media, seeking marketing efficiencies and effectiveness. Incumbent creative agencies Wieden+Kennedy, Anomaly and McCann will defend, so will incumbent media agencies IPG's UM, WPP's MediaCom, Publicis Groupe's Starcom and Dentsu's Carat. Coca-Cola is believed to work with 4,000 agencies globally across marketing disciplines and its 400+ brands.

Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
Airheads	Huge	Creative AOR		Highdive	
American Express	WPP's Ogilvy, Dentsumcgarrybowen	Creative	Global	Dentsumcgarrybowen	No
Circle K	Multiple Agencies (across various markets)	Media AOR	Global	GroupM's MediaCom	Yes
Domino's	MDC Partners' Crispin Porter Bogusky	Creative Execution, Brand Strategy, Digital Design	Global	WorkInProgress	No
Fiat Chrysler Automobiles	Interpublic Group of Cos.' Huge	Digital AOR	Global	Huge	Yes
Georgia-Pacific	Zenith	Media AOR	US	Omnicom OMD	Yes
Hershey Co.	Interpublic Group of Cos.' UM	Media	US	Dentsu's Accordant Media and Interpublic Group of Cos.' UM	Yes
HomeServe USA		AOR Direct Response Television (DRTV) Advertising Campaign	US, Canada	Arnold Worldwide	
JDE Peet's	Havas Media (incumbent on a portion of the business)	Media	Global	Havas Media	Yes
JetBlue Airways Corp	MullenLowe	To revive its marketing and cut costs, fueled by the COVID health crisis.	US	JetBlue is still in the review process, MullenLowe will likely defend.	Yes
Kerrygold		Creative AOR	Global	Droga5	
Lagunitas Brewing Co	Stripe Theory	Media AOR	US	Canvas Worldwide	Yes
Lululemon	Various Incumbents (including Virtue Worldwide)	Creative AOR	Global	Droga5	Yes
Mondelez International		Content Production, Tech Infrastructure, Websites/Production	Global	MediaMonks	Yes
Mondelez International		Production	Europe	Publicis Production	Yes
Motel 6	The Richards Group	AOR	US, Canada	Barkley	Yes
National Basketball Association	Spark Foundry	Media AOR	US	Interpublic Group of Cos.' Mediabu	Yes
National Basketball Association	Spark Foundry	Creative	US	Cartwright	Yes
Petco	Anomaly	Creative AOR	US	Droga5	Yes
Sam's Club	Mono	Creative		Review is still in process	Yes
The General	Art Machine	Creative AOR		Highdive	
The Home Depot	The Richards Group	Creative	Global	Searching, Incumbent fired for racist remarks.	Yes
TikTok		Planning and shopping for measurement and inventive and influencer partnerships.	Global	Horizon Media	
TracFone Wireless	Havas Media	Media AOR	US	Mediabu	Yes
Visa	BBDO (Global), Saatchi & Saatchi (Europe)	Creative AOR	Global	Wieden+Kennedy	Yes
Visa	Starcom	Media, Local Marketing, Production	Global	Starcom	Yes
Walgreen's Boots Alliance	WPP	Digital, Communications	Global	WPP	Yes